

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2000-491

September 29, 2000

EASTERN MAINE ELECTRIC CO-OP, INC.
Proposed Rate Change (Approximately 6.9% to
8.6% Increase)

ORDER APPROVING
STIPULATION

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I. SUMMARY

We approve a Stipulation entered into between Eastern Maine Electric Cooperative, Inc. (EMEC) and the Office of the Public Advocate (OPA) which would allow EMEC to change its rates in a manner designed to produce \$497,000 in additional annual revenues. When netted against a \$97,000 purchased power credit to be returned to EMEC's ratepayers under the terms of the Stipulation, the overall percentage rate increase is 7.19%.

II. PROCEDURAL BACKGROUND AND SUMMARY OF STIPULATION

On July 7, 2000, EMEC filed a "General Rate Case" Filing pursuant to 35-A M.R.S.A. § 307 and Chapter 120 of the Commission's Rules, consisting of Revised Rate Schedules, Chapter 120, § 5(C) information, and a Background and Overview Narrative. The Rate Schedules were designed to generate approximately \$497,000 in additional annual revenues. When combined with EMEC's proposal to refund \$97,000 annually in purchased power costs over four years, the net effect is an annual revenue increase of \$400,000. EMEC provided written notice of the proceeding to its members pursuant to Chapter 110 of the Commission's Rules. On July 13, 2000, the OPA petitioned to intervene in the proceeding. No other petitions to intervene were received by the Commission. On July 18, 2000, the Hearing Examiner issued a Procedural Order which granted the OPA's Petition to Intervene and scheduled a Technical/Case Conference, to be held on July 24, 2000.

On July 24, 2000, EMEC met with Commission Staff and the OPA. EMEC responded to questions from the Staff and OPA and the participants discussed the issues and information in the proceeding. The Staff and OPA made a number of oral data requests in the course of the conference, and on July 29, 2000, EMEC filed written responses.

On August 4, 2000, the Commission issued Suspension Order No. 1, suspending the effective date of the Revised Rate Schedules filed by EMEC for three months. On August 14, 2000, the Hearing Examiner issued a Procedural Order establishing a follow-up Technical/Case Conference for August 22, 2000. EMEC met with the Staff and OPA on August 22, 2000, and responded to further questions.

On September 15, 2000, we received a Stipulation entered into between EMEC and the OPA. Under the terms of the Stipulation, EMEC would be authorized to increase rates as it proposed. In addition to the agreed upon revenue requirement increase, the Stipulation requires EMEC, starting October 1, 2000, to accrue 0.5% of its transmission and distribution revenues on an annual basis to a Conservation Account to fund EMEC's costs of conservation programs and to accrue an additional \$55,000 to the Conservation Account between October 1, 2000 and December 31, 2001.

III. DECISION

In past cases, we have applied the following criteria when considering stipulations:

1. whether the parties joining the stipulation represent a sufficiently broad spectrum of interests that the Commission can be sure that there is no appearance or reality of disenfranchisement;
2. whether the process that led to the stipulation was fair to all parties; and
3. whether the stipulated result is reasonable and is not contrary to legislative mandate.

See *Central Maine Power Company, Proposed Increase in Rates*, Docket No. 92-345(II), Detailed Opinion and Subsidiary Findings (Me. P.U.C. Jan. 10, 1995), and *Maine Public Service Company, Proposed Increase in Rates (Rate Design)*, Docket No. 95-052, Order (Me. P.U.C. June 26, 1996). We have also recognized that we have an obligation to ensure that the overall stipulated result is in the public interest. See *Northern Utilities, Inc., Proposed Environmental Response Cost Recovery*, Docket No. 96-678, Order Approving Stipulation (Me. P.U.C. April 28, 1997). We find that the Stipulation in this case meets all of the above criteria.

The Stipulation was entered into by the parties to this case after both the OPA and our Advisory Staff had a full opportunity to conduct discovery of EMEC's case. Therefore, we are satisfied that criteria 1 and 2, set forth above, have been satisfied. Although the Stipulation allows the full amount of the increase requested by EMEC, we find that this result is both reasonable and within the public interest. As noted in the Stipulation, pursuant to 35-A M.R.S.A. § 3503, EMEC could have received an increase of up to \$1,440,218. Instead of using a strict revenue requirement approach, EMEC has attempted to minimize the increase to its ratepayers by utilizing a "cash flow approach." Under this approach, EMEC would be able to meet its current cash requirements with the \$497,000 annual revenue increase requested when coupled with certain proposed financing arrangements (which are the subject of Docket Nos. 2000-730 and 2000-731). In addition, the Stipulation ensures that EMEC will meet its obligations of funding statewide conservation programs promulgated pursuant to 35-A M.R.S.A. § 3211. We also thus find that the results of the Stipulation are not contrary to legislative mandate.

Accordingly, it is

O R D E R E D

1. That the September 15, 2000 Stipulation (a copy of which is attached hereto) entered into between Eastern Maine Electric Cooperative, Inc. and the Office of the Public Advocate is approved and incorporated into this Order by reference;

2. That rate schedules filed by EMEC on July 7, 2000 designated as:

Rate Schedule R (Residential Service)	Sixth Revised Sheet 1
Rate Schedule SR (Seasonal Residential Service)	Fourth Revised Sheet 1
Rate Schedule SC (Small Commercial and Industrial Service)	Fourth Revised Sheet 1
Rate Schedule LC (Large Commercial and Industrial Service)	Fourth Revised Sheet 1
Rate Schedule AL (Area Lighting Service)	Fourth Revised Sheet 1
Rate Schedule SL (Street Lighting Service)	Fourth Revised Sheet 1
Rate Schedule SL (Street Lighting Service)	Fourth Revised Sheet 2
Rate Schedule FR (Fuel and Purchase Power of Refund)	

are approved and authorized to take effect on October 1, 2000 for bills rendered by EMEC on or after such date; and

3. That Suspension Order No. 1, issued on August 4, 2000 is lifted as of October 1, 2000.

Dated at Augusta, Maine, this 29th day of September, 2000.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Nugent
 Diamond

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Civil Procedure, Rule 73, et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.